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Smarteck Digital Manufacturing Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

Diamonds and Pearls confirms to the Board that default in payments has been made in relation to the outstanding loan amount due to New Universe under the Share Mortgage arrangement. Subject to New Universe taking any action against Diamonds and Pearls for default on the loan, there may be a possible change in control in the Company. **Accordingly, investors/shareholders are advised to exercise extreme caution in dealing in the securities of the Company.**

The board of directors (the “Board”) of Smarteck Digital Manufacturing Holdings Limited (the “Company”) wishes to make this announcement pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

As disclosed in the submission of notice pursuant to Part II and III of the Securities (Disclosure of Interests) Ordinance on 11th January, 2002 and the announcement of the Company dated 11th February, 2002, Diamonds and Pearls Limited (which is owned as to 84 per cent. by Mr. Law Man Ming (“Mr. Law”), an executive director of the Company and as to 16 per cent. by Mr. Tang Kwok Yuen, the chairman of the Company) (“Diamonds and Pearls”), a substantial shareholder of the Company which owns 41.61% of the issued share capital of the Company, had pledged (the “Share Mortgage”) its 1,956,000,000 shares of the Company (the “Pledged Shares”) in favour of New Universe Holdings Limited (“New Universe”). Diamonds and Pearls informed the Board that default in payments has been made by Diamonds and Pearls in relation to the outstanding loan amount due to New Universe and Diamonds and Pearls considered that the overdue payment constitutes a breach of the covenants of the Share Mortgage. Diamonds and Pearls informed the Board that New Universe had issued a demand letter to Diamonds and Pearls on 18th

January, 2002. However, no legal proceedings have been instituted by New Universe against Diamonds and Pearls up to the date of this announcement. Neither the Company nor Diamonds and Pearls has been informed of any possible action to be taken by New Universe on the Pledged Shares and as of today New Universe has not enforced its right pursuant to the covenants under the Share Mortgage. Diamonds and Pearls is of the view that it has not relinquished its control on its 41.61% shareholding in the Company. Notwithstanding this, subject to New Universe taking any action against Diamonds and Pearls for default on the loan, there may be a possible change in control in the Company. **Accordingly, investors/ shareholders are advised to exercise extreme caution in dealing in the securities of the Company.**

In addition, as disclosed in the announcement of the Company dated 11th February 2002, the Board wishes to state that the Company still has difficulty to reach Mr. Law since mid of January 2002.

By Order of the Board
Smartech Digital Manufacturing Holdings Limited
Chan Ngai Sang, Kenny
Executive director

Hong Kong, 22nd February, 2002

The announcement for which the directors of the Company, other than Mr. Law Man Ming who is not contactable, collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the day of its posting.